

## **Minutes of January 09, 2007 VAC Meeting**

**Date:** January 09, 2007

**Time:** 13:00 to 15:25 PM

**Location:** 402 Conference Room, Central Services Building

**VAC Members Attending:** Mike Masters, Chair, Xerox; Greg Alexander, Secretary, Kino Oil; Joe Bauske, Texas Alcohol and Drug Testing; Nancy Evans, Burgoon Co.; Bobby Swan, Philpott Ford; Susan Heck, Granger Inc.; Diana Keller, Shelton-Keller; Toinette Miller, JPMC; Ladtette Harris-Williams, JPMC.

**TBPC Staff Attending:** Ted Maddry, POCS Manager; Cody Hayes, Procurement Operations and Customer Support Supervisor; Margaret Longest, CMBL/CISV Supervisor; Dee Dorsey, Purchasing Supervisor; Tom Scott, Quality Assurance Inspector; Joseph Segovia, Business Practices Coordinator.

**Visitors:** Milton Turnipseed, TIBH; Keena Collins, Keena & Co.; Roberto Beaty, OAG Child Support; Dawn Harris, ISDG.

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- I.** The Chair called the meeting to order at 13:00.
- II.** The Chair introduced himself and invited all those present to introduce themselves.
- III.** The Committee unanimously adopted the minutes from the previous meeting, contingent upon the following corrections: change bullet point #2 of the CPA's presentation regarding Prompt Payment to read "premises" instead of "mailroom."
- IV. Standing Reports:**

### **Item 1. Committee Discussion on Vendor Activity and Concerns**

#### **Upcoming Training Event Hosted by Keena and Company**

Keena Collins of Keena and Company gave a presentation on the upcoming training events that her company is coordinating with TBPC. The first will be at UT Health Science Ctr. in San Antonio. Ms Collins clarified that Keena and Company was not acting under contract with TBPC, but was taking this on themselves and would recover costs from registrants and vendors' sponsoring the event. Keena and Company would like to hold the second training event in Corpus Christi. They like to use college campuses because they are inexpensive and centrally located.

The Chair asked what role Keena and Company was looking for the VAC to play. The VAC was hoping that this could be a venue to raise awareness amongst the vendor community of the role that the VAC plays.

Keena and Company was hoping that the VAC could provide financial support.

Mr. Maddry clarified that TBPC was looking for feedback from the Committee on the plans for this training event and suggestions for improvements.

Ms. Collins clarified with the Committee members that this will be more of a training event than a vendor fair, and that they will be offering CPE credits as an incentive for purchasers to participate.

The Chair expressed concerns regarding the timeframe because this would be a non-budgeted item for the TXMAS vendors that Keena and Company was looking to help sponsor the event. Also, he had concerns that charging for attendance would reduce attendance. He suggested that rather than asking VAC as a group to pay for a booth, allow VAC to have a table as a draw card for vendors and purchasers.

The Chair asked for volunteers from the Committee to work with and advise Keena and Company. Susan Heck of Granger and Joe Bauske of Texas Alcohol and Drug Testing volunteered.

## **Item 2. Chair Summary of Previous Agenda Item Discussions**

- A. TBPC Web Site** Most members had positive comments regarding the new Web site. There was one comment that the Events Calendar is too hard to find.
- B. TBPC-DIR Merger** Page 14-16 of Representative Swinson's Committee report addresses this issue. There had been no bills filed at that point. The only bills filed at that point that directly effect TBPC would remove TBPC's authority to set dollar amounts for delegated purchases and would lower the dollar value of "major contracts."
- C. Prompt Pay** TBPC has published the Prompt Pay FAQ. The Chair asked that TBPC consider putting a clause in the Terms and Conditions of TBPC Term Contracts that clarifies that local government entities are subject to the Prompt Pay Act. Mr. Maddry clarified the mailing address exception.
- D. Fuel Surcharges** The Committee asked if TBPC has a target date for completion of addressing fuel surcharges in TBPC contracts. Mr. Maddry stated that TBPC is working with TxDOT on this and would like to adopt a similar clause to the one that the federal government uses.

## **Item 3. TBPC Report on Agency Activities**

Mr. Maddry laid out the issue regarding the use of P-Cards for purchasing off of TBPC contracts. This was an in-house suggestion to include in Term Contract and Open Market solicitations a question as to what credit cards, if any, a vendor would be willing to accept. Possible problems with this are:

- small businesses might be concerned with the expense of accepting credit cards;
- accounting problems with USAS and reporting requirements;

- credit cards are not a purchasing method, but are a payment method;

When the twelve agencies on the SACC discussed this proposition, ten were against it and two were for it.

The Chair recalled that there had been concerns raised in the past that using credit card payments would hurt small businesses. He also said that he could understand agencies' concerns regarding accounting and accountability. He suggested that some commodities may be more suited to credit card purchasing than others.

Toinette Miller from JPMC stated that most agencies like using credit cards for small dollar purchases and that accountability is up to the individual agencies. Some do a good job, some don't. It comes down to having the proper processes in place.

Mr. Maddry stated that this may be a benefit for Strategic Sourcing, as currently TBPC is only able to accurately track spend on purchases over \$25,000.

Dee Dorsey noted that most purchases use encumbered funds, but that credit card purchases are not encumbered funds.

Toinette Miller suggested not limiting agencies' payment options if an agency has the ability and proper processes to control their credit card purchases.

Joe Bauske expressed concern that if an agency is doing right that it might only last as long as the person in charge is in that position.

Milton Turnipseed pointed out that term contracts are low margin for vendors, so vendors need to know up front if payments will be via credit card, since 2-4% credit card fee may kill any profit for the vendor.

Susan Heck noted that Granger does a lot of credit card transactions. They need to know at the time of the purchase that a credit card will be used.

## **V. Consideration and Potential Action of the Following Agenda Items:**

### **Item 1. Old Business: Role and Function of the VAC**

The Committee discussed the role of the VAC as a representative of the vendor community as a whole and not of the individual businesses represented on the Committee.

Joe Bauske suggested having some VAC meetings outside of Austin to encourage more participation from vendors outside the Austin area.

The Committee also discussed the idea of possibly using the CMBL to invite vendors to the meetings, perhaps targeting certain industries.

Bobby Swan suggested targeting the vendors that actually participate or try to participate in doing business with the State of Texas.

The Chair suggested the possibility of having VAC members attend other committee meetings, such as SACC, SACP, DIR and TBPC subcommittee on purchasing meetings. The Committee agreed that this was a good idea and proposed a standing agenda item reporting these committee meetings.

## **Item 2. Membership**

Committee members considered the application of Ken Sorley for reappointment to the Committee. Members stated that Mr. Sorley had been a very positive and active member in the past. The Committee voted unanimously to reappoint Ken Sorley to the Committee.

## **VI. Public Comment**

Ted Maddry raised invited Members to comment on proposed rule changes.

## **VII. Agenda Items and Date for the April 2007 meeting.**

The Committee tentatively set the date for April 10 and discussed the possibility of holding the VAC meeting at the upcoming Keena and Company training event. The Committee voted to add the following items to the agenda:

- Reports on different committee meetings related to purchasing
- HUB Disparity Study
- Updated report on the Keena and Company training event.

## **VIII. Adjournment**

Mike Masters made a motion to adjourn the meeting. Greg Alexander seconded the motion. With no objections, the Committee adjourned at 15:25.